



North Carolina Department of Health and Human Services
Division of Social Services

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October 24, 2014

Food & Nutrition Services (FNS), Medicaid, NC Health Choice, Child Support (IV-D), TANF, Work First Maintenance of Effort, Low Income Home Energy Assistance Program (LIHEAP), Foster Care Title IV-E Administration, Adoption Assistance Title IV-E Administration, Social Services Block Grant (SSBG)

**ON-SITE FISCAL MONITORING REPORT
FOLLOW-UP and CORRECTIONS COMPLETED**

DSS County:	<u>Swain NAM</u>
On-Site Monitoring:	<u>June 24, 2014</u>
Review Periods:	<u>December 2013 and April 2014</u>

I Purpose

To review DSS-1571 fiscal reporting for staff costs and purchase of services for Food & Nutrition Services (FNS), Medicaid, NC Health Choice, Child Support (IV-D), TANF, Work First Maintenance of Effort, Low Income Home Energy Assistance Program (LIHEAP), Foster Care Title IV-E Administration, Adoption Assistance Title IV-E Administration, and Social Services Block Grant (SSBG) to determine if costs are claimed correctly.

II Monitoring Review

The NC Division of Social Services conducted a formal "on-site" monitoring of randomly selected Food & Nutrition Services (FNS), Medicaid, NC Health Choice, Child Support (IV-D), TANF, Work First Maintenance of Effort, Low Income Home Energy Assistance Program (LIHEAP), Foster Care Title IV-E Administration, Adoption Assistance Title IV-E Administration, Social Services Block Grant (SSBG), State In-Home and TANF to SSBG expenses. The Budget Office Monitoring Worksheet is attached for additional information. Our monitoring included a sample of **December 2013** and **April 2014** reported expenditures; therefore does not guarantee all errors have been found. Correct reporting is the responsibility of the county. Noted below are the results:

Part I – Salary and Fringe Benefits

December 2013

No deficiencies are noted; therefore, no corrections are needed.

April 2014

No deficiencies are noted; therefore, no corrections are needed.

Budget Office

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Part II - General Administrative Costs

Finding # 1

(all findings listed pertain to the incorrect claiming of program area costs and related to the same source)

December 2013

1. Expenditures appearing on the General Ledger for Unemployment were not claimed. It was thought that unemployment was included in the indirect cost plan; however, after contacting the preparer of the indirect cost plan it was discovered that it was not.
2. Expenditures for water for employees from Indian Hills was claimed as a 310 General Administrative Support expense. This is a non-reimbursable expenditure.
3. Expenditures for coffee for employees from Standard Coffee was claimed as a 310 General Administrative Support expense. This is a non-reimbursable expenditures
4. A credit appearing on a NAPA invoice was not accounted for.
5. A credit appearing on a First Citizens invoice was not accounted for.
6. An expense for dues and subscriptions was claimed as 310 General Administrative Support and should be 311 Indirect Administrative Support

April 2014

1. Expenditures for Chester Jones, Attorney were claimed as a 310 General Administrative Support expense when the fees were for legal services on the behalf of the services unit and should have been claimed to 349 General Services Support.
2. Services staff training by NCGA was claimed as 310 General Administrative Support and should be 349 General Services Support.
3. An expenditure for vital records f for a foster child was claimed as 310 General Administrative Support and should be 349 General Services Support.
4. Expenditures for water for employees from Indian Hills was claimed as a 310 General Administrative Support expense. This is a non-reimbursable expenditure.
5. Expenditures for coffee for employees from Standard Coffee was claimed as a 310 General Administrative Support expense. This is a non-reimbursable expenditures
6. An expense for dues and subscriptions was claimed as 310 General Administrative Support and should be 311 Indirect Administrative Support.
7. An expense for subscription to the Smokey Mountain Times was claimed as 310 General Administrative Support and should be 311 Indirect Administrative Support.
8. Expenditures for refreshments for employees from Crystal Springs was claimed as a 310 General Administrative Support expense. This is a non-reimbursable expenditure.

Source

DSS Fiscal Manual Section III – Developing Cost on the DSS-1571 Report

Section III-B Cost Reporting on the DSS-1571Part II

http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/FSCs3-01.htm#P1952_55039

1. If a county directly charge all direct worker's administrative cost (e.g., travel, training) use the appropriate code on the Part II.

2. If a county does not directly charge all direct worker's administrative cost (e.g., travel, training), then report the costs to be allocated to the particular category of program area (349 for services, 359 income maintenance, and 361 for IV-D). As a general rule and to avoid inconsistent treatment of costs, only expenditures that can be identified to a particular program/service must be direct charged. If all expenditures of a particular type (i.e., travel or training, etc.) cannot be identified to a particular program/service, then the expenditures must be allocated to the appropriate category of program.

3. The exception to this instruction applies to Code 310 General Administrative Support and Code 311 Indirect Administrative Support. Amounts entered in these codes will be distributed to all programs rather than being directly charged. Code 311 will include items that are not in direct support of workers efforts. Examples of costs assigned to this code are advertising cost; retiree benefits; membership fees, subscriptions; publications of a general nature and non-rental Indirect Cost from the Indirect Cost Plan previously report as Indirect Cost in Code

310. Code 310 will include items which are in direct support of workers efforts. Examples of costs assigned to this code are rent; phone; postage; equipment rental; printing charges; building depreciation; capital outlay equipment; Indirect Cost (rental related not reported in Code 311); and professional services including interpreters, and doctors fees for providing testimonies on behalf of clients.

Fiscal manual at http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/FSCs3.htm#P14_84 and http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/FSCs3-01.htm#P1729_55068

"You will need the total of the county's (employer's) share of fringe benefits excluding worker's compensation and unemployment insurance which is reported on the DSS-1571, Part II."

"Worker's Compensation and Unemployment Insurance. Due to the nature of this expense the total amount to be reported shall be entered as code 310."

DSS Fiscal Manual Section II – Determination of Allowable/Unallowable Cost

SECTION II-B UNALLOWABLE COST – GENERAL INFORMATION

http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/FSCs2-01.htm#P259_23501

....4. Entertainment costs, amusements and social activities

Required Action

December 2013

1. Make an adjusting entry adding \$8031.79 to 310 General Administrative Support.
2. Make an adjusting entry subtracting \$40.85 from 310 General Administrative Support.
3. Make an adjusting entry subtracting \$28.75 from 310 General Administrative Support
4. Make an adjusting entry subtracting \$2.20 from 310 General Administrative Support
5. Make an adjusting entry subtracting \$19.05 from 310 General Administrative Support
6. Make adjusting entries subtracting \$10.73 from 310 General Administrative Support and adding \$10.73 to 311 Indirect Administrative Support

April 2014

1. Make adjusting entries subtracting \$11.83 from 310 General Administrative Support and adding \$11.83 to 349 General Services Support.
2. Make adjusting entries subtracting \$108.30 from 310 General Administrative Support and adding \$108.30 to 349 General Services Support.
3. Make adjusting entries subtracting \$28.00 from 310 General Administrative Support and adding \$28.00 to 349 General Services Support.
4. Make an adjusting entry subtracting \$56.28 from 310 General Administrative Support.
5. Make an adjusting entry subtracting \$26.60 from 310 General Administrative Support.
6. Make adjusting entries subtracting \$9.98 from 310 General Administrative Support and adding \$9.98 to 311 Indirect Administrative Support
7. Make adjusting entries subtracting \$58.08 from 310 General Administrative Support and adding \$58.08 to 311 Indirect Administrative Support
8. Make an adjusting entry subtracting \$1.23 from 310 General Administrative Support.

County Response

I understand the findings and will be completing the adjusting entries on the September 1571 uploading October 2014. The adjustment for unemployment was done in June 2014 submitted July 2014. I will be sending proof to the fiscal monitor.

Finding # 2

December 2013

Claimed an expenditure to 349 General Services Support for a payment to Thompson Gas Company. This payment was made for a foster care placement in order to keep the placement intact. This is not a reimbursable expense under 349 General Services Support.

April 2014

Claimed an expenditure to 349 General Services Support for gift cards for foster children in recognition of their birthday. This is not a reimbursable expense under 349 General Services Support.

Source

Purchased services for children are tied to the SIS code and cost is allowable only if the eligibility criteria for the code are met and the services are an allowable expense.

Required Action

December 2013

Reduce 349 General Services Support expenditures by \$422.32 for the payment of a utility bill to Thompson Gas Company for a foster placement. Determine if there is any other eligible fund source in which to claim this expense, if not it becomes an all county general assistance expenditure.

April 2014

Reduce 349 General Services Support expenditures by \$96.00 for the purchase of gift cards in recognition of foster children's birthdays. Determine if there is any other eligible fund source in which to claim this expense, if not it becomes an all county general assistance expenditure.

County Response

I understand the finding and the required action. I will be completing adjustments September 19, 2014 1571 and uploading October 2014.

	<u>310</u>	<u>311</u>	<u>349</u>	<u>361</u>	<u>449</u>	<u>450</u>
Total Part II Adjustments for December 2013	\$7,930.21	\$10.73	(\$422.32)			
Total Part II Adjustments for April 2014	(\$300.30)	\$68.06	\$52.13			

Part IV – Purchased Services

December 2013

No deficiencies are noted; therefore, no corrections are needed.

April 2014

No deficiencies are noted; therefore, no corrections are needed.

III Conclusions

As reported to the Fiscal Compliance monitor on September 19, 2014 and October 14, 2014 all correcting entries were completed on the 1571 for service month June 2014 reported in July 2014 and September 2014 reported in October 2014. The Fiscal Compliance Monitor has verified the corrections on subsequent DSS 1571 reports and has documentation to support the corrections. No further action is needed; the prior findings are now corrected.

IV Appeal

If the county disagrees with the monitoring results, the appeal process is to submit a written appeal to Kathy Sommese, Budget Officer, NC Division of Social Services, 2417 MSC, Raleigh, NC 27699-2417, no later than thirty (30) days from the date of this letter.

Submitted By: Regina French, Fiscal Compliance Monitor

Cc: Kathy Sommese, NCDSS Budget Officer; Dana Sisk, Local Business Liaison